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County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

March 4, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

ECONOMIC STIMULUS: PRELIMINARY RESPONSE TO JANUARY 13, 2009 BOARD DIRECTION

On January 13, 2009, your Board instructed the Chief Executive Office (CEO), the Department of Public Works (DPW) and any other applicable departments to prepare recommendations for streamlining the contracting process and to develop a methodology to distribute stimulus funds fairly and appropriately within the County. On February 4, 2009, the CEO issued a memo requesting a 30 day extension to allow for finalization and passage of the Federal economic stimulus bill, review of the stimulus requirements, and to prepare disbursement methodologies. On February 17, 2009, your Board requested a preliminary report back in two weeks on the proposed streamlining of the contracting process and stimulus funding strategies.

As per your instructions, the CEO convened a stimulus package work group that included DPW, County Counsel, Internal Services Department (ISD) and the CEO which reviewed the County procurement/contracting process. Careful attention was given to eliminating non critical steps as well as aligning timelines to flow concurrently to allow quick awarding of stimulus contracts. Our review produced a list of preliminary ideas that will be used as a framework for detailed discussions with each Board office around stimulus funding. After the Board input has been received, our Office will report back with specific streamlining ideas that have general support. Some of the preliminary recommendations are as follows:

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Streamlining Strategies

1. Establish a standing item on the Board of Supervisors agenda for all stimulus related items to allow for timely review and approval of projects;
2. Submit stimulus projects or programs by a "master list" for the Board to authorize as a group rather than individual projects;
3. For stimulus related contracts, waive all contract requirements that are not legally mandated by ordinance (e.g. Recycled Bond Paper mandate, Safely Surrendered Baby Law and Jury Duty compliance);
4. Request use of the Adopt, Advertise, and delegate Award (AAA) to the Director of DPW for construction contracts relating to buildings and flood control projects based upon on a Board approved master list of projects, or in the alternative for such projects, request delegated authority for the Director of DPW to advertise plans and specifications with the Board later adopting the plans and specifications and awarding the contract after receipt of bids;
5. Request delegated authority to the road commissioner, as permitted by Public Contract Code section 20395, to carry out all aspects (including adopting and advertising plans, awarding contracts and accepting performance) of contracts for road or highway projects in connection with a Board approved list of projects funded by the economic stimulus package. One method of contracting out such work would be utilizing Job Order Contracting (JOC) as authorized under Public Contract Code section 20128.5;
6. Request delegated authority for the Directors of DPW and ISD to award a set number of low bid JOC as authorized under State Public Contract Code section 20128.5 and the authority to issue work orders under these contracts. DPW and ISD would issue JOC work orders only upon confirmation from the CEO that there was sufficient available funding for the project;
7. Request approval to provide an anticipated range for bids for AAA projects and delegate the authority to DPW to award the contract if the bids are higher than bid range but within an agreed to overage range. Awarding of contracts under this scenario would only be allowable provided that within three days prior to the award, DPW notifies the Board and CEO of the intended funding source for the cost increase and confirms sufficient available funding to cover the higher bid amount. The CEO would have

three days to request further information or to instruct the DPW to bring the matter to the full Board for consideration;

8. Establish pre-qualified lists of approved vendors to solicit bids from;
9. Request delegated authority to approve and execute Sole Source for non-construction contracts and non "architectural/engineering" services contracts;
10. Create a temporary "strike force" team of contracting experts to expedite stimulus related solicitations;
11. Creation of two or more standing evaluation teams to rapidly review any bid submissions received for stimulus related contracts;
12. Review of all stimulus related construction projects to be performed by the newly created Interdepartmental Task Force to manage and execute the expenditure of the County portion of the Federal Stimulus Package;
13. Instruct DPW to explore options with the Metropolitan Transportation Authority and/or the California Department of Transportation to streamline their contracting requirements;
14. Fully utilize ISD's Master Agreements and Purchasing Agent functions for non-construction related procurements and contracting (e.g., capital equipment, fixed assets, materials, information technology systems, services and energy and environmental projects);
15. Delegate authority to the Director of ISD to limit bid participants and/or select a sole source pre-qualified vendor from ISD administered Master Agreements. ISD would issue work orders only upon confirmation from the CEO that there is sufficient available funding for the project;
16. Waive the Board policy that requires departments to obtain Board approval for fixed asset purchases over \$250,000 before the County Purchasing Agent can solicit bids and make awards for the acquisition of fixed assets or capital equipment; and
17. Authorize the Director of ISD, as the County's Purchasing Agent, to exercise statutory authority for implementing informal bid processes that would include expedited options such as soliciting a minimum amount bids or selection of a sole source, and forgoing the advertising bids over \$10,000 on the County's bid website.

Final passage of the stimulus bill occurred on February 17, 2009 and while the disbursement rules are still being established, the funding categories are much more

Each Supervisor
March 4, 2009
Page 4

defined. It is clear that the fundamental structure of the legislation has changed from the initial proposal of new, "shovel ready" infrastructure projects to one that channels funds through existing support programs. The majority of the funds that the County is assured of receiving are the Byrne Justice Assistance Grant, Workforce Investment Act funds, Community Services Block Grants, Community Development Block Grants, Public Housing Capital Fund and funding for Senior Nutrition Programs. Initial review of the stimulus package does not reveal direct County funding for infrastructure projects. Most funding sources of this nature will be through grants issued by the State and Federal agencies. All of the examples listed above use formulas to determine how the funds are distributed which allow very little discretion on how or where they will be spent. A complete analysis of potential stimulus funding was submitted to your Board on March 4, 2009 from which the funding summaries are attached. We will review these streamlining recommendations along with the stimulus revenue projections with each Supervisor's office. Afterwards this office will issue a report back with final recommendations for streamlining based on input from the Board offices and our findings.

If you have any questions or require further information, please contact Deputy Chief Executive Officer, Ellen Sandt at esandt@ceo.lacounty.gov or (213) 974-1186.

WTF:EFS
SW:ef

Attachments

c: Executive Officer, Board of Supervisors
 County Counsel
 Director, Internal Services Department
 Director, Public Works

Summary of Entitlement Program Funding

Temporary Federal Medical Assistance Percentage Increase for Medicaid Estimated County Cost Savings ⁽¹⁾				
Department	FY 2008-09 (10/1/08 – 6/30/09)	FY 2009-10 (7/1/09 – 6/30/10)	FY 2010-11 (7/1/10 – 12/31/10)	Total
Public Social Services ⁽²⁾	\$ 56.9 million	\$ 82.6 million	\$ 41.3 million	\$ 180.8 million
Health Services	\$ 45.8 million	\$ 68.9 million	\$ 34.5 million	\$ 149.2 million
Mental Health ⁽³⁾	\$ 36.9 million	\$ 49.9 million	\$ 24.9 million	\$ 111.7 million
Total	\$139.6 million	\$ 201.4 million	\$ 100.7 million	\$ 441.7 million

(1) County cost savings amounts are based on the FMAP rate increasing from the current 50% to 61.5935%.

(2) Estimates for the Department of Public Social Services are for Medicaid-funded In-Home Supportive Services (IHSS)

(3) Estimates for the Department of Mental Health include \$18.9 million of indirect savings over the three year period.

Temporary Federal Medical Assistance Percentage Increase for Title IV-E Estimated County Cost Savings ⁽¹⁾				
Department	FFY 2009 ⁽²⁾ (10/1/08 – 9/30/09)	FFY 2010 ⁽²⁾ (10/1/09 – 9/30/10)	FFY 2011 ⁽²⁾ (10/1/10 – 12/31/10)	Total
Children & Family Services	\$ 3.1 million	\$ 3.1 million	\$ 0.8 million	\$ 7.0 million

(1) County cost savings in this table are for adoption assistance costs and do not include foster care savings which would result if the County's annual capped IV-E waiver allocations are renegotiated and increased to reflect the higher 56.2 percent FMAP than the 50 percent FMAP that was assumed when annual IV-E allocations originally were determined.

(2) Estimates are by Federal Fiscal Year.

Medicaid Disproportionate Share Hospital (DSH) Funding Estimated County Cost Savings ⁽¹⁾			
Department	FFY 2009 ⁽²⁾ (10/1/08 – 9/30/09)	FFY 2010 ⁽²⁾ (10/1/09 – 9/30/10)	Total
Health Services	\$ 5.8 million	\$ 5.5 million	\$ 11.3 million

(1) Estimated County cost savings is based on the 2.5% increase to each state's Medicaid DSH allocation.

(2) Estimates are by Federal Fiscal Year.

Attachment II**Summary of Discretionary Program Funding**

Highway Funding Available to the County	
Department	Total
Highway Account Funding <ul style="list-style-type: none"> Department of Public Works - Unincorporated Areas ⁽¹⁾ Additional County Allocation - Pending State Legislation 	\$ 21.8 million \$ 10.8 million
Total	\$ 32.6 million

(1) Estimate is based on the amount the Metropolitan Transportation Authority (MTA) would receive from the State, and the MTA's planned allocations to local governments in the Los Angeles County region.

Formula Grant Funding Available to the County	
Department / Program	Total
Community and Senior Services <ul style="list-style-type: none"> Workforce Investment Act (WIA) Youth Grants - \$15.1 million WIA Dislocated Worker Grants - \$9.1 million WIA Adult Grants - \$6.5 million Community Service Employment for Older Americans - \$2.3 million Older Americans Nutrition Services - \$1.6 million Community Services Block Grant/Native American Program - \$0.6 million 	\$ 35.2 million
Community Development Commission/Housing Authority <ul style="list-style-type: none"> Homeless Prevention Fund - \$12.19 million Community Development Block Grant - \$7.97 million Public Housing Capital Fund - \$7.4 million 	\$ 27.6 million
Public Social Services <ul style="list-style-type: none"> Community Services Block Grant - \$9.8 million 	\$ 9.8 million
County-related Justice Activities <ul style="list-style-type: none"> Byrne Justice Assistance Grants - \$8.9 million⁽¹⁾ 	\$ 8.9 million
Total Formula Grant Funding	\$ 81.5 million

(1) Grant funding is allocated for Countywide programs.



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March 23, 2009

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Chief Executive Officer

ECONOMIC STIMULUS: OVERSIGHT TASK FORCE, PROJECT MANAGEMENT TEAM AND TARGETED FUNDING WORKGROUP RECOMMENDATIONS FOR THE ECONOMIC STIMULUS PACKAGE

On February 17, 2009, on motion of Supervisor Yaroslavsky, the Board directed the Chief Executive Office (CEO) to establish an interdepartmental task force, led by the CEO, to manage and execute the expenditure of the Federal Stimulus Package funds that the County will receive. The motion further instructed the CEO to establish a project management team that will be responsible for insuring that the stimulus funds will be expended in a timely manner.

Attached is an organization chart with a proposed structure to meet the direction of the motion and to centrally manage the stimulus project at the County level. Strategic direction for proposal development, acquisition, expenditure and tracking of all stimulus funds will be coordinated by the Oversight Task Force. Incorporated into the Oversight Task Force structure are six project management teams to oversee the six distinct funding areas: Capital Projects, Information Technology, Environmental and Renewables, Social Services, Public Safety and Health Services. These project management teams will coordinate collaborative applications for stimulus funding from a countywide perspective rather than a Departmental level to maximize the economies of scale for the County.

In response to a March 17, 2009 motion by Supervisor Molina, a targeted workgroup was developed to directly report to the Oversight Task Force. This workgroup will be focused exclusively on identifying areas of opportunity where the stimulus funding

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Each Supervisor
March 23, 2009
Page 2

streams are not set by formula and where County advocacy and proposal-development can make a difference on how funding is ultimately expended.

As noted in our March 16, 2009 status memo, most of the project teams have already begun planning, registering on the federal website, and taking other preparatory steps to apply for federal funds. The first oversight Task Force meeting is scheduled for March 25, 2009. The focus of the first Task Force meeting will be on expediting the grant application process and ensuring the County's grant applications are coordinated to maximize potential funding. The oversight Task Force will also develop a proposed approach to grants which require a County match or ongoing County funding. In addition, our legislative staff has been actively working with departments to determine the most advantageous funding formulas for the County for the various types of funds.

It is anticipated that the Oversight Task Force will meet at least once per month or more often if needed. The project management teams will meet as needed to develop strategies and proposals to garner discretionary funding during implementation.

If you have any questions or require further information on this matter, please contact Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186 or esandt@ceo.lacounty.gov.

WTF:EFS:SAW:ef

Attachments

c: All Department Heads

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AMERICAN RECOVERY and REINVESTMENT ACT
EXECUTIVE OVERSIGHT TASK FORCE

CEO - Ellen Sandt - Chair CEO - Gerri Kariya CEO - Lari Sheehan CEO - Miguel Santana CEO - Sheila Shima CEO - Debbie Lizzari CEO - Doyle Campbell BOS Deputies - Each District BOS Executive Office - Sacha A. Hamai ISD - Tom Tindall CIO - Richard Sanchez LASD - TBD County Counsel - Karen A. Lichtenberg DPW - Jacob Williams DHS - John Schunoff	TARGETED DISCRETIONARY FUNDING WORK GROUP LACO Chief Lobbyist (Sac) - Dan Wall Dir. of Gov Relations and Policy - Gerri Kariya County Legislative Strategist - Bert Margolin DHS Interim Dir. Of Gov. Relations and Policy - Carlos Pineda Chief Deputy Director DPH - Jonathan Freedman DPSS - Phil Ansell
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PROJECT MANAGEMENT TEAMS

CAPITAL PROJECTS	INFORMATION TECHNOLOGY	ENVIRONMENTAL & RENEWABLES	SOCIAL SERVICES	PUBLIC SAFETY	HEALTH SERVICES
DPW - Chair CEO - Cap Projects/Debt Management - Regional Planning - ISD -	CIO - Chair CEO - ISD/ITS - DHS - Public Library -	ISD - Chair DPW - CEO - CDC - Regional Planning - Parks & Recs -	CEO - Chair DPSS - DCSS - DCFS - CDC -	LASD - Chair CEO - LACFD - DPW - Regional Planning -	CEO - Chair DHS - DMS - DPH - DCFS - CDC - CSS -